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12



# Annual Financial Results – 17 April



# Agenda

- Introduction and overview
  - Gary Morolo (Chairman)
- Financial Performance
  - Elizabeth Naidoo (Financial Director)
- Operational Performance and Outlook
  - Ahmed Mahomed (Chief Executive Officer)
- Questions

# Business Overview



Empowered & Respected

# Overview

- Datacentrix remains strong and sustainably profitable
- Managed Services and Business Solutions now account for half of the group's earnings
- Growth has been organic
- Investment in key growth areas continues
- The three- to five-year strategic thrust remains unchanged and implementation has progressed satisfactorily

# Current BEE Status

## EMPOWERDEX

Economic Empowerment Rating Agency



### Generic B-BBEE Verification Certificate

## Datacentrix Holdings Limited

Registration Number: 1998/006413/06

Address: Sage Corporate Park North, 238 Raan Crescent, Midrand, 1685

### Level Four Contributor

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	10.66	20.00	Procurement Recognition Level	100.00%
Management	11.00	10.00	Black Ownership: Modified Flow-Through	47.04%
			Black Ownership: Flow-Through	12.78%
Employment Equity	7.81	15.00	Black Women Ownership	0.11%
Skills Development	1.31	15.00	VAT Number	4490173814
Preferential Procurement	20.00	20.00	Value Adding Enterprise	Yes
Enterprise Development	15.00	15.00	Issue Date	01 December 2011
Socio-Economic Development	4.65	5.00	Expiry Date	30 November 2012
Total Score	70.43	100.00	Re-issue Date	N/A

For EMPOWERDEX Northern Regions (Pty) Ltd

01-12-2011

Date

# Anticipated BEE Improvement

Processes for re-rating has started and we anticipate the following:

- Level 3 status
- Significantly improved ratings on:
  - BEE shareholding
  - Skills development
- Compliance with draft ICT Charter and improved DTI Codes rating
- Overall improved competitive positioning including public sector opportunities

# Governance



**Gary  
Morolo**

**Joan  
Joffe**

**Thenjiwe  
Chikane**

**Alwyn  
Martin**

**Dudu  
Nyamane**

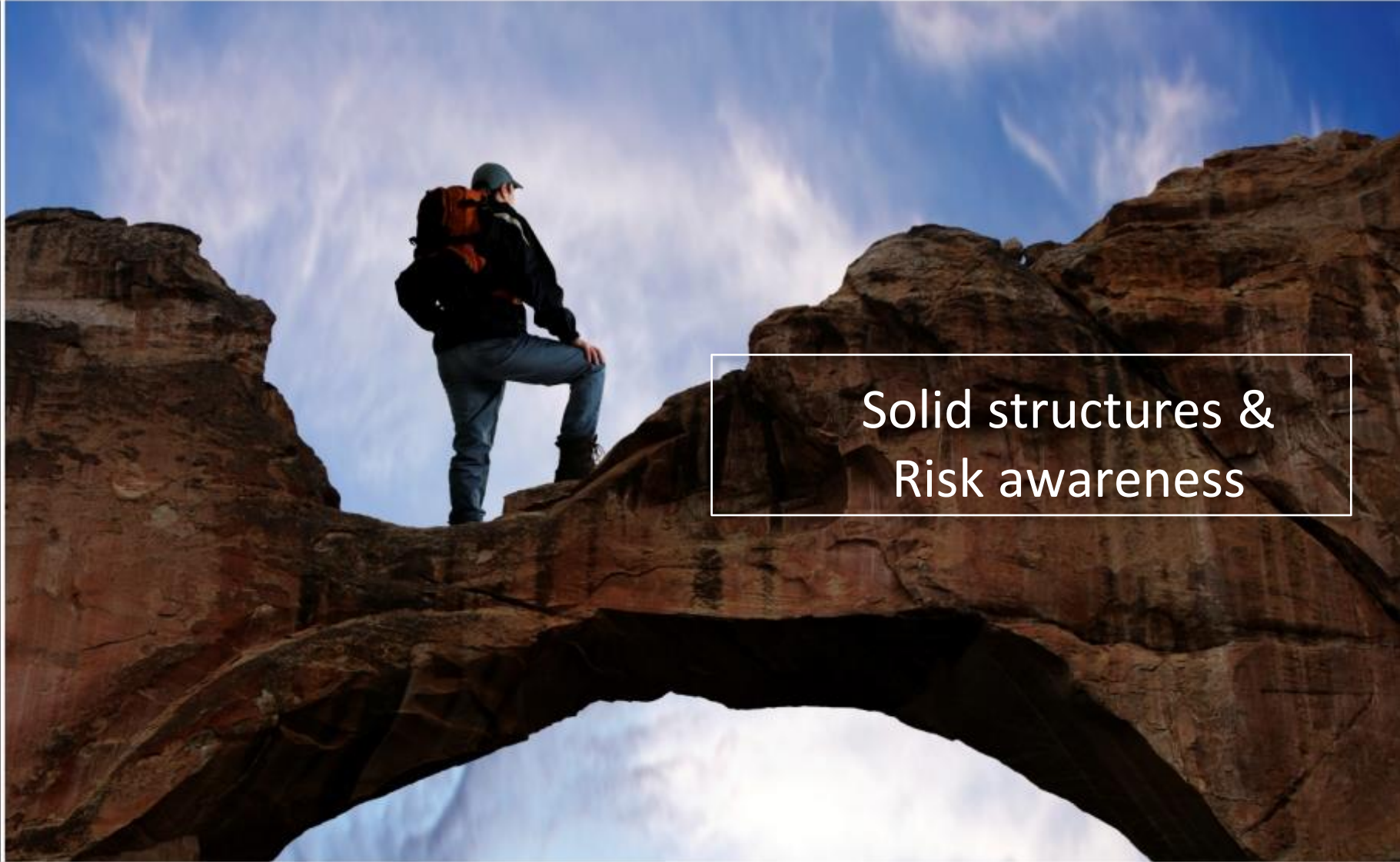
**Ahmed  
Mahomed**

**Elizabeth  
Naidoo**

## Strengthening corporate governance:

- Currently engaged in processes to strengthen board composition by two to three members
- Board evaluation by IOD completed
- King III review completed
- Companies Act review and general legal and regulatory compliance underway









# Financial Overview



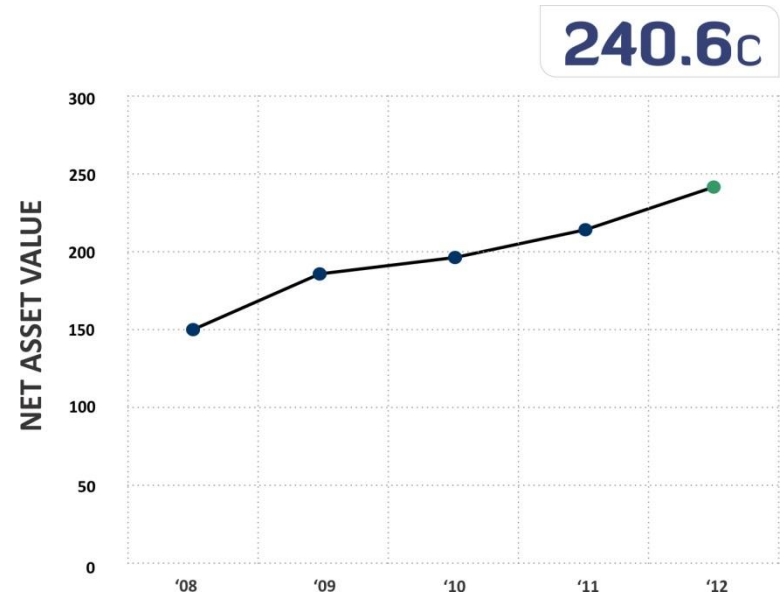
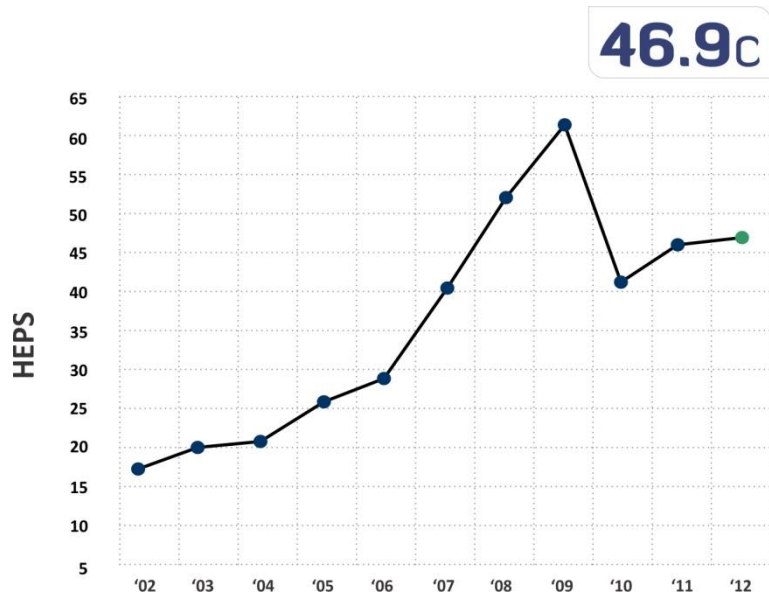
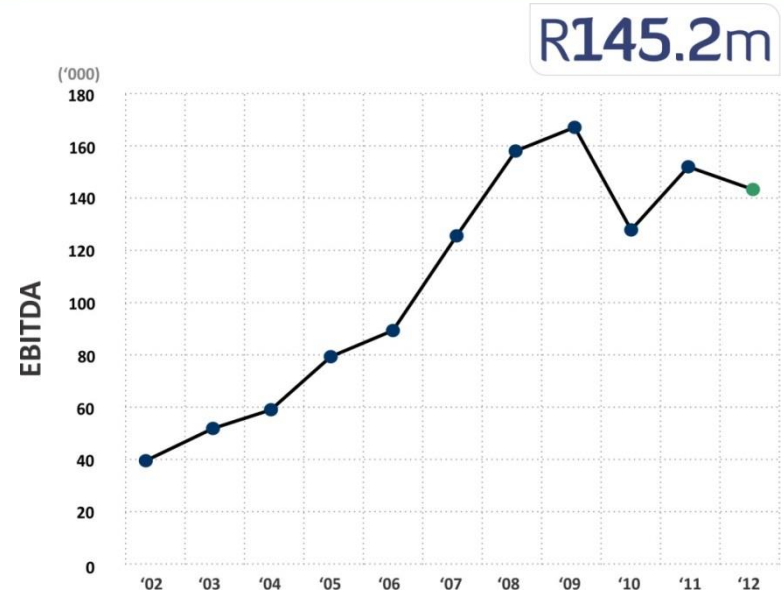
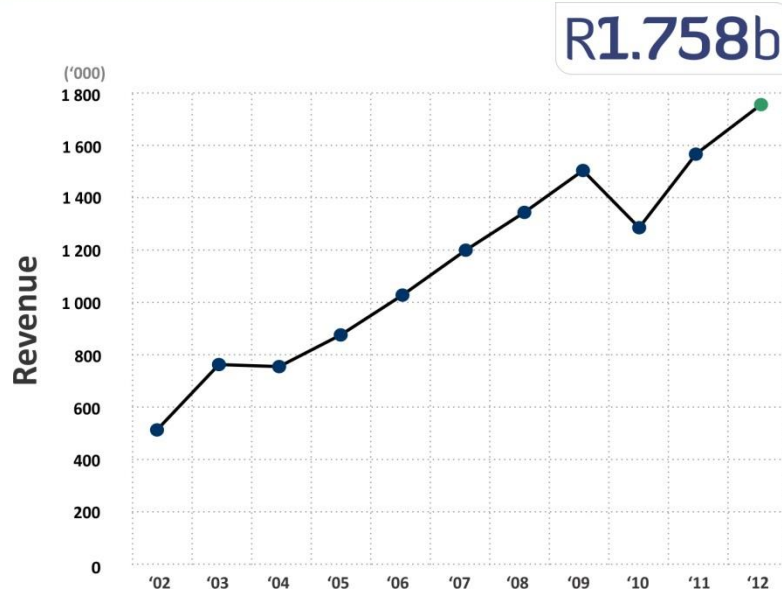
Solid structures &  
Risk awareness



# Financial Highlights

-  Revenue increased 11.6% to R1.758 billion
-  EBITDA decreased 3% to R145.2 million
-  EPS increased 1% to 46.4 cents
-  HEPS increased 1.2% to 46.9 cents
-  Cash generated from operations of R79.1 million
-  Cash on hand of R313.4 million, with no interest-bearing debt
-  Tangible net asset value increased 11.5% from 205.4 to 229.0 cents per share
-  Gross final dividend declared of 19.53 cents per share

# Financial Highlights (cont.)



# Comprehensive Income

	February 2012 R'000	February 2011 R'000
<b>Revenue</b>	1 757 762	1 575 739
<b>EBITDA</b>	145 227	150 091
<b>EBITDA margin</b>	8.3%	9.5%
Depreciation and amortisation	(21 706)	(25 653)
<b>Operating profit</b>	123 447	124 438
Net interest received	11 964	12 794
<b>Profit before taxation</b>	135 411	137 232
Income taxation expense	(44 567)	(47 034)
<b>Total comprehensive income for year</b>	90 844	90 198

# Taxation Rate Analysis

	February 2012 R'000	February 2011 R'000
<b>Profit before taxation</b>	<b>135 411</b>	<b>137 232</b>
<b>Income taxation expense</b>	<b>(44 567)</b>	<b>(47 034)</b>
Normal	<b>(39 932)</b>	<b>(40 773)</b>
STC	<b>(4 635)</b>	<b>(6 261)</b>
<b>Effective rate (including STC)</b>	<b>32.9%</b>	<b>34.3%</b>
<b>Effective rate (excluding STC)</b>	<b>29.5%</b>	<b>29.7%</b>

# Financial Position

	February 2012 R'000	February 2011 R'000
<b>Non-current assets</b>	<b>86 619</b>	<b>76 997</b>
Property and equipment	38 845	37 536
Intangible assets	22 694	17 950
Investment in Joint Venture	1 022	-
Long-term receivables	284	-
Deferred taxation assets	23 774	21 511
<b>Current assets</b>	<b>670 714</b>	<b>585 444</b>
Inventories	34 764	10 877
Trade and other receivables	289 843	253 243
Finance lease receivables – long- and short-term	28 705	-
Current taxation assets	4 025	154
Cash and cash equivalents	313 377	321 170

# Financial Position (cont.)

	February 2012 R'000	February 2011 R'000
<b>Capital and reserves</b>	<b>471 053</b>	<b>420 027</b>
Share capital and premium	37 543	37 565
Treasury shares	(39 720)	(38 799)
Equity-settled share scheme reserve	30 101	24 761
Retained earnings	443 129	396 500
<b>Liabilities</b>	<b>288 353</b>	<b>242 414</b>
Trade and other payables	184 530	177 773
Deferred revenue (long- and short-term)	73 246	61 254
Finance lease payables (long- and short-term)	24 080	-
Provisions	1 640	1 500
Lease smoothing liability	2 784	1 887

# Cash Flow

	February 2012 R'000	February 2011 R'000
Profit before taxation	135 411	137 232
Adjusted for non-cash items	14 285	20 467
Working capital changes	(70 587)	5 418
- Inventories	(23 887)	2 005
- Trade and other receivables	(36 884)	(32 806)
- Finance lease receivables	(28 705)	-
- Trade and other payables	18 889	36 219
<b>Cash generated from operations</b>	<b>79 109</b>	<b>163 117</b>
Net interest received	14 615	12 794
Dividend paid	(44 215)	(59 715)
Taxation paid	(50 701)	(55 307)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1 192)</b>	<b>60 889</b>

# Segmental Performance

		Growth	Revenue R'000	Growth	Earnings R'000
Infrastructure	Feb '12	16%	1 342 838	(15%)	43 616
	Feb '11		1 158 526		51 142
Managed Services	Feb '12	(2%)	329 989	15%	27 731
	Feb '11		338 031		24 217
Business Solutions	Feb '12	7%	84 935	12%	15 989
	Feb '11		79 182		14 237
Corporate	Feb '12				3 431
	Feb '11				346



# Operational Performance and Outlook



Clear direction

# Value Generation

Transformation from a largely single vendor, product and transactional business to one that is best of breed solution and services-led integrator.

A close-up photograph of a hand holding a wooden mallet, poised to strike another hand. The background is a solid blue color. The mallet is light-colored wood with a dark, hollow end. The hand holding the mallet is on the right, and the hand being struck is on the left. The mallet is positioned horizontally, with the head pointing towards the left hand.

Best of breed integrator

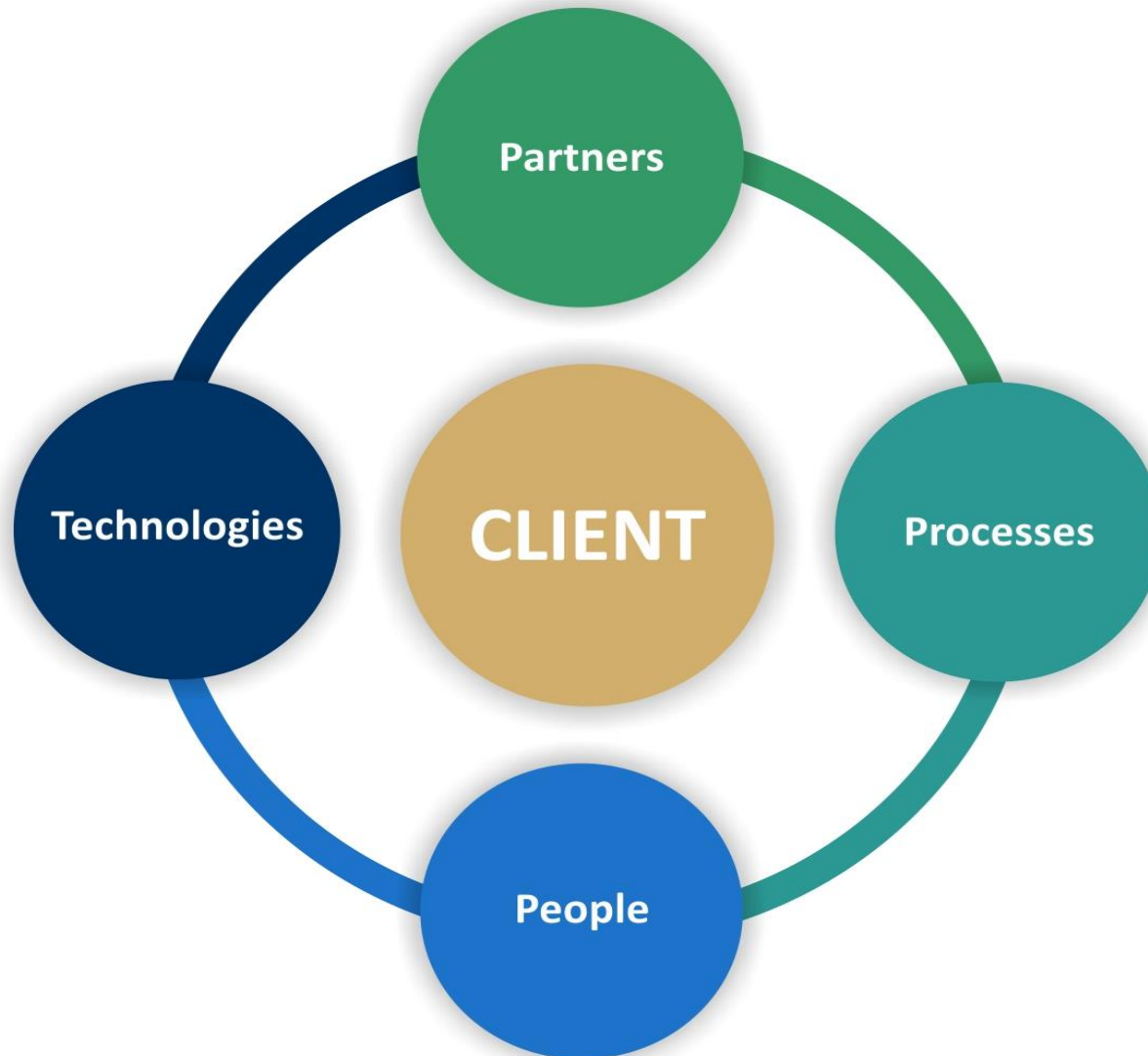
# Operational Performance

- Organic sales growth
- Operating margins
  - Good margins in Managed Services and Business Solutions
  - Key resources and infrastructure investment – effect on margins
- Improved business mix
  - Managed Services and Business Solutions contributed 50% to group earnings
- Strong statement of financial position
- Attracting industry skills - preferred employer
  - Technical capability 643 strong
- Strong market positioning
- Strong vendor positioning

# Building Capacity and Sustainability

- Staff complement increased from 670 to 1,025 since 1 February 2007
- Over 300 contractors
- Invested R10m to R20m per annum in human capital over last 4 years
- Capabilities built since 2008:
  - Outsourcing
  - Managed Print Services
  - Resourcing
  - Security
  - High-end storage solutions
  - Networking (including Cisco in the last few months)
  - IBM competence
  - Business intelligence
  - ECM – capacity investment in Western Cape
  - Cisco
- Regional presence created in East London and Port Elizabeth
- Capex investment (service desk and IT infrastructure)

# Integrated Value Proposition



# Integrated Value Proposition (cont.)

## People

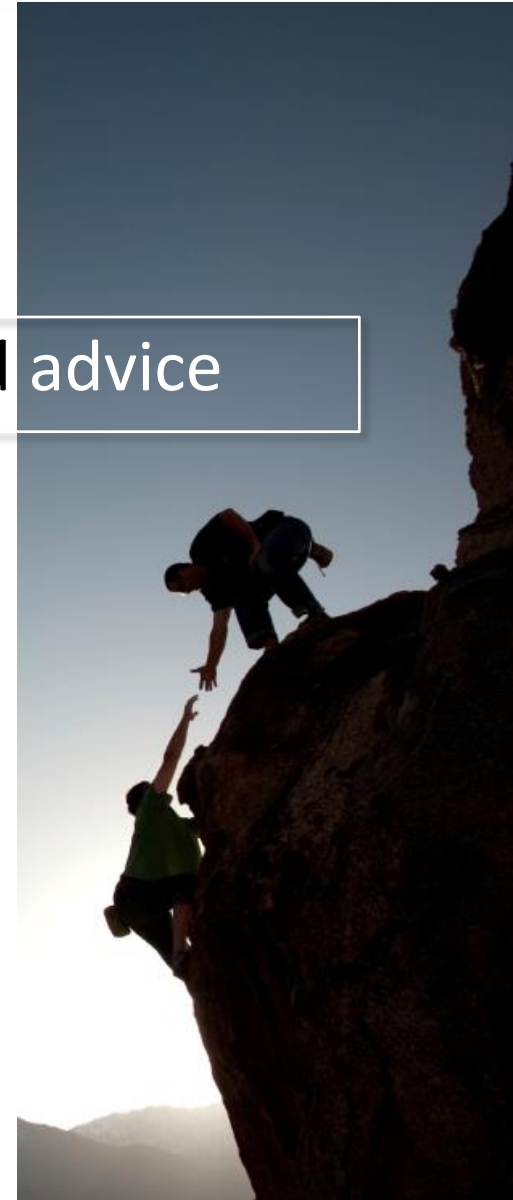
- Total, integrated IT competencies from consulting, designing, provisioning, deployment through to on-going support
- Scarcity of skills
- Skills development
  - Human capital and capacity management
  - Management Development Programme
  - Learnership Programme
  - Recognised vocational education and training
  - Graduate Programme

# Integrated Value Proposition (cont.)

## Technologies

- End-to-end IT solutions that address business strategies
  - End-user computing
  - Datacentre
  - Networking
  - Data management
  - Initiation of data
  - Security
  - Analysis/analytics
  - Content management
  - Archiving
  - Datacentre and infrastructure security
  - Cloud provider

Trusted advice



# Integrated Value Proposition (cont.)

## **Mature Processes**

- Mature policies and procedures
- Quality management systems
- Certifications
- ITIL standards
- TOGAF approach
- Superior Project Management principles
  - Prince II, PMBok, MS Solution and Operations framework



# Integrated Value Proposition (cont.)

## Partners



# Best of Breed Solution Provider

## HP Accreditations

- One of only two full “CI” Converged Infrastructure partners in SA
- Fully certified in the sales area
- Fully certified in the services area
- One of two Cloud Partners in South Africa
- Highest level of HP accreditation - Expert Partner on the HP Services One program

## HP Accolades

- Partner of the year
- Support Partner of the year
- Highest Revenue of the year
- Largest Deal of the year
- HP Networking largest dealer
- HP Networking largest deal



Agashnee Pillay, HP TS  
Channel Manager

“

HP has an implicit trust in Datacentrix to develop and deliver more compelling service offerings for its clients.

# Best of Breed Solution Provider (cont.)

## Symantec Accreditations

- Platinum Partner – highest partner level



## Symantec Accolades

- EMEA Symantec cloud partner of the year 2011
- Two specialisation awards
- Symantec reseller of the year 2011 for Storage
- Symantec Champion of the year 2011
- Symantec Enterprise Salesman of the year 2011



Chad Cleevely, Channel  
Manager at Symantec SA

“Datacentrix epitomises the committed and driven partner that Symantec values.”

# Best of Breed Solution Provider (cont.)

## VMware Accreditations

- Fully certified on VMware
- Dedicated VMware specialist



## VMware Accolades

- Highest Revenue in the region
- OEM Reseller of the year
- Received the individual award for attaining the second VCDX in Africa



Chris Norton, VMware  
Regional Director

“ Partners at this level provide clients with a broader, solutions-focused approach and are required to assist them in meeting their high-end technical and business needs through the design, planning, integration and deployment of the most sophisticated virtual infrastructures.

# Best of Breed Solution Provider (cont.)

## NetApp Accreditations

- Platinum Partner
- Authorised Support Partner
- NetAPP Authorised Professional Service Partner
- NetApp Authorised Services Partner
- NetApp Accredited Storage Architect Professional
- NetApp Accredited Systems Engineer Professional

## NetApp Accolades

- Reseller of the Year
- Reseller with the highest revenue in the region



**NetApp**



Helen Vermij, SA Channel  
Manager, NetApp

“ Within a short time period, they have not only reached Platinum Partner status, but also satisfied our requirements to qualify as both a Profession Service Certified (PSC), Professional Services Partner (PSP) and Support Services Certified (SSC) Support Services Partner for our storage and data management tools.

# Best of Breed Solution Provider (cont.)

## McAfee Accolades

- Network Security Partner of the Year
- Accredited Channel Engineer (“ACE”) Partner of the Year
- Growth Partner of the Year
- Deal of the Year

**McAfee®**



Datacentrix at this year's McAfee Partner Awards in Sandton

“

Datacentrix was recognised as McAfee's Network Security Partner of the Year and Growth Partner of the Year, while scooping the individual awards for the Accredited Channel Engineer (ACE) Partner of the Year and Deal of the Year.

# Best of Breed Solution Provider (cont.)

## OpenText and SAP Accreditations

- SAP Special Expertise Partner
- OpenText SAP Competence Partner



**OPENTEXT**  
THE CONTENT EXPERTS



Jürgen Maier, SAP Ecosystem  
Program Manager  
Europe/APJ at OpenText

“ This extension of our partnership agreement reinforces the faith we have in Datacentrix and the fact that the company continues to deliver great results with OpenText. With Datacentrix, we have a highly committed, innovative and growth-orientated SAP Competence Partner on board that has excellent project, industry and process knowledge to deliver high quality projects around our products for SAP clients in the SA market.

# Best of Breed Solution Provider (cont.)

## IBM Accreditations

- Part of the top 3 IBM Premier Business Partners in South Africa – highest certification available to Business Partners
- IBM Business Partner Solution Provider
- 160 cross brand certifications



## IBM Accolade

- Datacentrix was the only SA company invited to participate in an exclusive panel discussion on Transformational Leadership at IBM's PartnerWorld Conference in New Orleans



Interviewed by Jeffrey Sonnenfeld, Senior Associate Dean for Executive Programs at Yale University's School of Management and The Lester Crown Professor of Management Practice

“ Datacentrix has displayed continued commitment to excellence and leadership and have proven their expertise in creative problem-solving, solutions development, innovative services and IBM technologies. Mark Hennessy, General Manager, IBM Global Business Partners



# Best of Breed Solution Provider (cont.)

## Microsoft Accreditation

- Microsoft Accreditation
  - Microsoft Gold Certified Partner for
  - Systems Management
  - Unified Communications
- SharePoint
- Microsoft Silver Certified Partner for BI and Database Systems
- Integrator of Microsoft Messaging, Infrastructure, Security and Systems Management Solutions as well as Licensing
- Building BI Solutions
- Using Microsoft Products to build Datacentrix Cloud services



Kevin Derman  
Partner Sales Lead Microsoft SA

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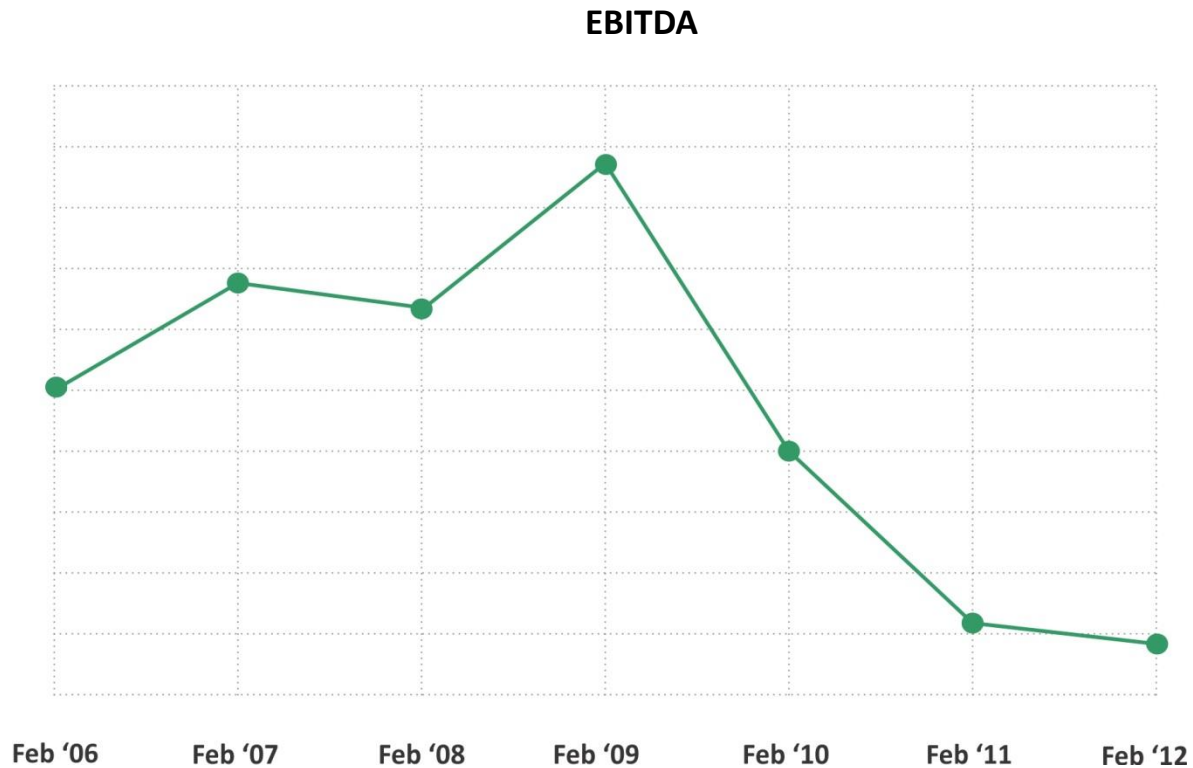
Microsoft values the long standing relationship with Datacentrix as a Infrastructure and Business Productivity Solutions partner in South Africa and has built a number of mission critical solutions in UCS, Systems Management, BI and SharePoint solutions .”

# A Growing Managed Services Competency

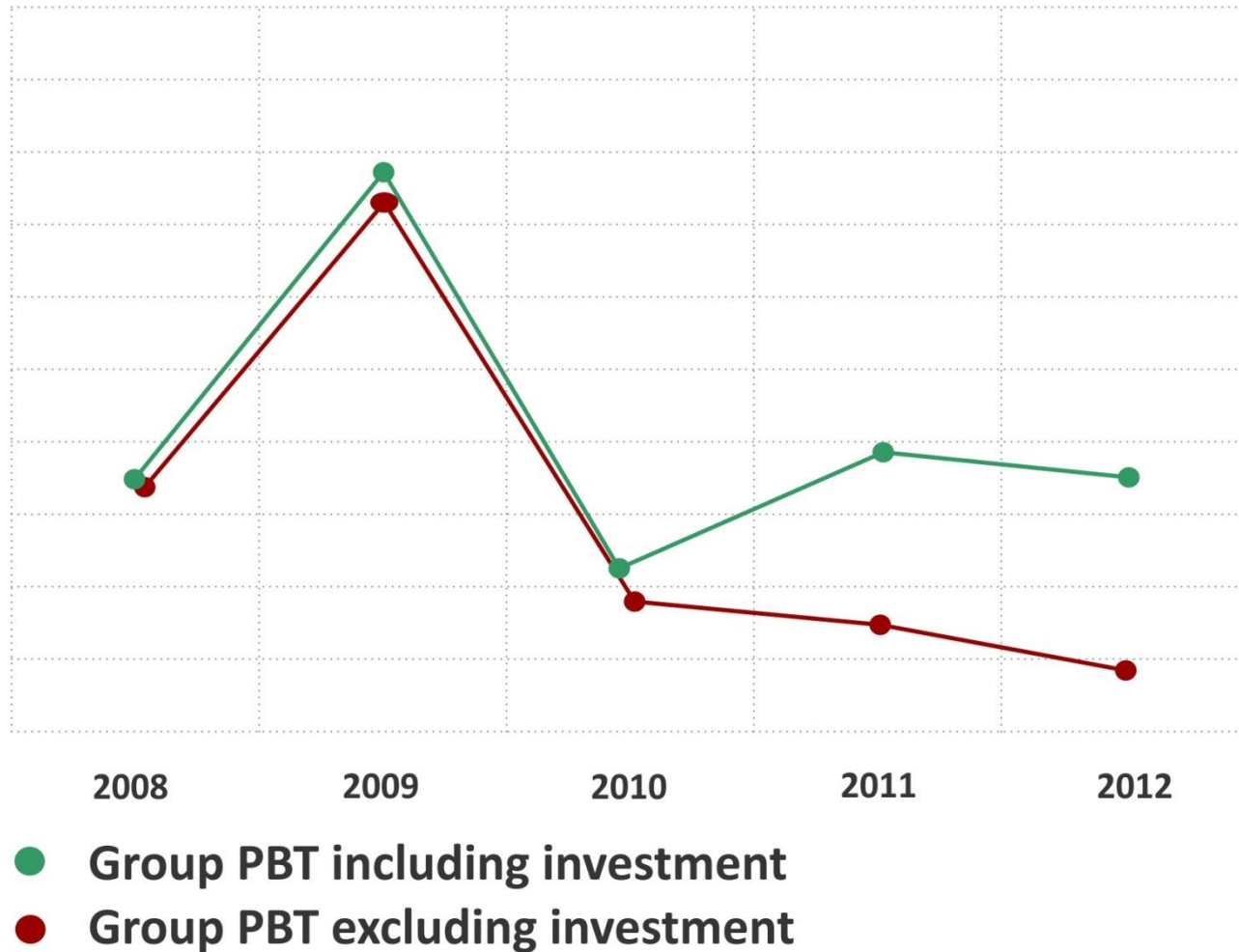
- 153,505 Devices under management
- 8,673 Enterprise Server/networking
- 138,146 End user computing
- 6,686 Printing
- 17,512 Devices deployed
- 20,585 Calls logged per month
- 18,770 Service desk inbound phone calls per month
- 15,000 Cloud mailboxes
- 15,321 SOC services

# Government EBITDA Performance (Rm)

- Datacentrix no longer relies on Government IT spending for its profitability

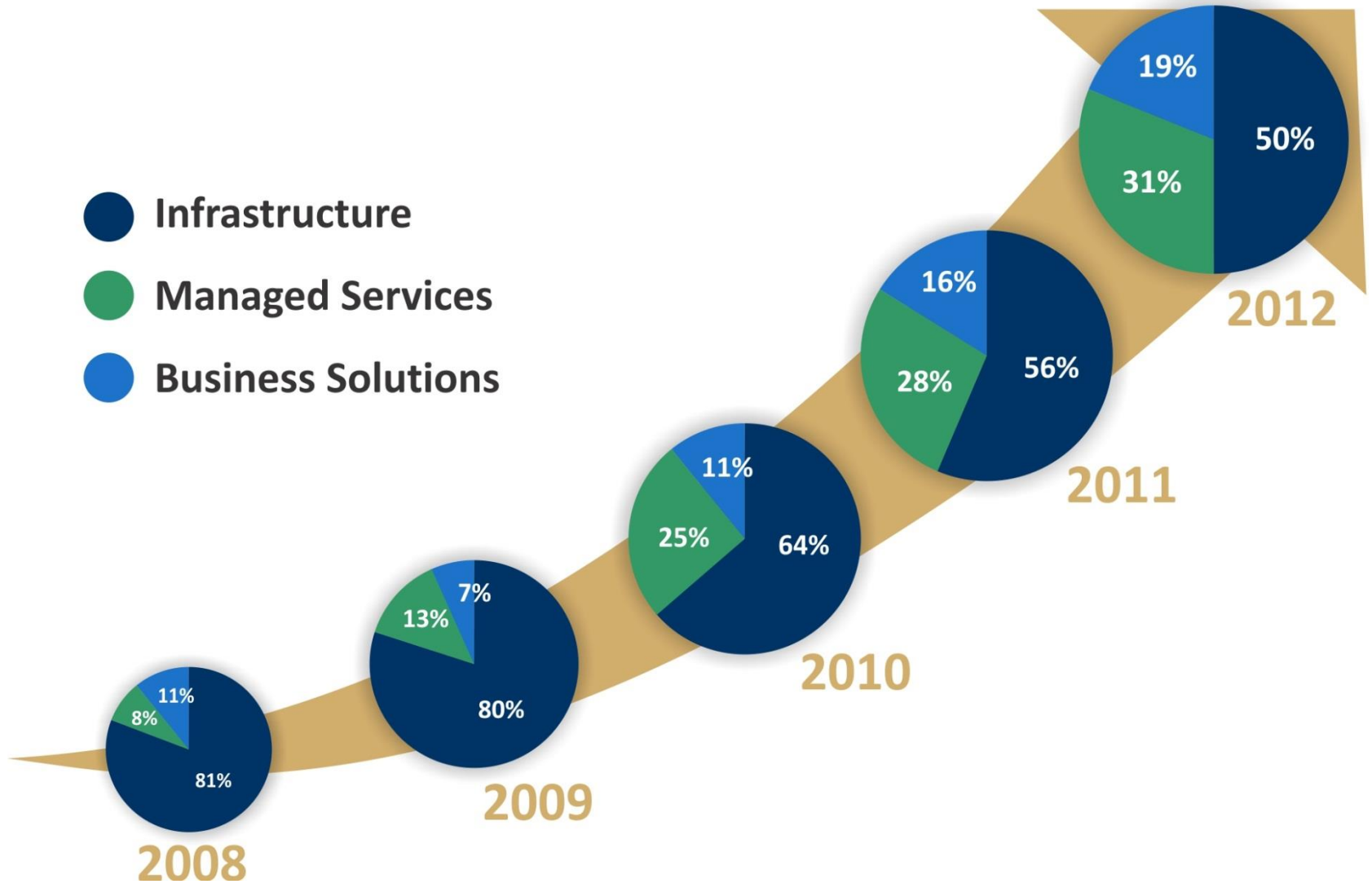


# Impact of the Strategic Shift



# Strategic Shift Impact on Quality of Earnings

- Infrastructure
- Managed Services
- Business Solutions



# Going forward



Shareholder value

# Prospects

- Private sector business
- Possible revival of public sector business
- Investment in business solutions offerings
- Acquisitions to jump-start targeted new growth areas

# Questions

**THANK YOU**

